

THE HONORABLE RICHARD A. JONES

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

SEATTLE CITY EMPLOYEES'  
RETIREMENT SYSTEM, an agency of  
the City of Seattle,

Plaintiff,

v.

EPSILON GLOBAL ACTIVE VALUE  
FUND II, LTD., a British Virgin Islands  
corporation, EPSILON GLOBAL  
MASTER FUND II, L.P., a limited  
partnership formed under the laws of the  
Cayman Islands, EPSILON  
INVESTMENT MANAGEMENT, LLC, a  
Delaware limited liability company,  
EPSILON GLOBAL ASSET  
MANAGEMENT LTD., a corporation  
formed under the laws of the Cayman  
Islands, and STEVEN G.  
STEVANOVICH, a resident of Florida,

Defendants.

No. 2:10-cv-555 RAJ

**DECLARATION OF HARRY H.  
SCHNEIDER, JR. IN SUPPORT OF  
PERKINS COIE LLP'S MOTION TO  
WITHDRAW AS COUNSEL OF  
RECORD FOR DEFENDANT EPSILON  
GLOBAL ACTIVE VALUE FUND II,  
LTD.**

I, HARRY H. SCHNEIDER, JR., hereby declare as follows:

1. Identity and Competency. I am a member of the Bar of the State of Washington, a partner at the law firm of Perkins Coie LLP, and have appeared as counsel of record on behalf of all defendants in this action. I make this Declaration based upon personal knowledge, about which I am competent to testify.

DECLARATION OF HARRY H. SCHNEIDER, JR. RE  
MOTION TO WITHDRAW (NO. 2:10-CV-555) – 1

**Perkins Coie LLP**  
1201 Third Avenue, Suite 4800  
Seattle, WA 98101-3099  
Phone: 206.359.8000  
Fax: 206.359.9000

1           2.     Perkins Coie LLP's Motion to Withdraw. Perkins Coie seeks leave to withdraw  
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3 as counsel of record for defendant Epsilon Global Active Value Fund II, Ltd. ("Epsilon II" or  
4  
5 "the Company"). Perkins Coie intends to continue to represent the other four defendants in this  
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7 action, Epsilon Global Master Fund II, LP, Epsilon Investment Management, LLC, Epsilon  
8  
9 Global Asset Management, Ltd., and Steven G. Stevanovich (collectively, the "non-Epsilon II  
10  
11 Defendants").

12           3.     Reason for the Withdrawal. On or about June 3, 2010, Perkins Coie received  
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14 documents indicating that the Plaintiff in this action, acting as the majority shareholder of  
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16 Epsilon II, had passed a Resolution of Members removing the two then-serving directors of  
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18 Epsilon II from the Company's board of directors, removing all officers of the Company (if any),  
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20 and appointing two new directors. Attached hereto as **Ex. A** is a copy of a Written Resolution of  
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22 Members of Epsilon II, dated June 2, 2010, directing that those actions be taken. This purported  
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24 change of control of Epsilon II, if sustained in the face of a legal challenge that may be litigated  
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26 in the courts of the British Virgin Islands, effectively would give Plaintiff Seattle City  
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28 Employees' Retirement System ("SCERS") control of Epsilon II.

29           4.     Request for Books and Records. On or about June 3, 2010, Perkins Coie also  
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31 received documents indicating that the new directors of Epsilon II immediately requested copies  
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33 of all books and records of the Company held by the Fund Administrator, Equinox Alternative  
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35 Investment Services (Ireland) Limited. Attached hereto as **Ex. B** is a copy of a Request for  
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37 Books and Records sent on behalf of Epsilon II's new directors, dated June 2, 2010.

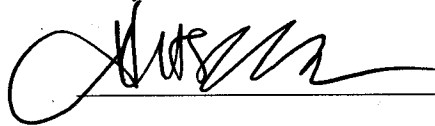
38           5.     Notice of Intent to Withdraw. In light of this purported change of control and the  
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40 litigation that it may prompt in the British Virgin Islands, on June 11, 2010, Perkins Coie LLP  
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42 served notice on Epsilon II of its intent to seek leave of court to withdraw as counsel of record  
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44 for Epsilon II. As part of that Notice of Intent, Perkins Coie LLP advised Epsilon II that it is  
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46 required by law to be represented by an attorney admitted to practice before this Court and that  
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48 failure to obtain a replacement attorney by the date the withdrawal is effective may result in  
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1 entry of default against it as to any and all claims of other parties. Attached hereto as **Ex. C** is a  
2 true and correct copy of the Notice of Intent to Seek Leave to Withdraw served on Epsilon II.  
3

4 6. No Prejudice to Epsilon II. This litigation is at an early stage and neither a  
5 discovery cut off date nor a trial date has been set. In addition, if the purported change of control  
6 is sustained as legally valid, it would appear to eliminate any need for Epsilon II to remain a  
7 party to the case, as there would be no need for Plaintiff to seek any further judicial relief from  
8 the Court regarding a Company that it effectively controls going forward. However, even if the  
9 change of control is not sustained and Plaintiff does not voluntarily dismiss its claims against  
10 Epsilon II, there is ample time for the Company to retain new counsel who can educate  
11 themselves concerning the matter and adequately defend the Company going forward.  
12 Accordingly, I see no likelihood of any prejudice to Epsilon II as a result of Perkins Coie's  
13 withdrawal as counsel of record for the company at this time.  
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26 **I declare under penalty of perjury under the laws of the United**  
27 **States that the foregoing is true and correct.**  
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30 EXECUTED at Seattle, Washington, this 14th day of June, 2010.  
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34 Harry H. Schneider, Jr.  
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**CERTIFICATE OF SERVICE**

On June 14, 2010, I caused to be served upon the following, at the address stated below, via the method of service indicated, a true and correct copy of the foregoing document.

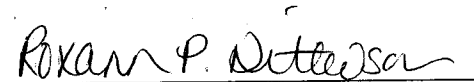
Bradley P. Thoreson	<input type="checkbox"/>	Via hand delivery
Samuel T. Bull	<input type="checkbox"/>	Via U.S. Mail, 1st Class,
Miriam H. Cho		Postage Prepaid
Foster Pepper PLLC	<input checked="" type="checkbox"/>	Via CM/ECF system
1111 Third Avenue, Suite 3400	<input type="checkbox"/>	Via Overnight Delivery
Seattle, WA 98101	<input type="checkbox"/>	Via Facsimile
<a href="mailto:thorb@foster.com">thorb@foster.com</a>	<input checked="" type="checkbox"/>	Via Email
<a href="mailto:bulls@foster.com">bulls@foster.com</a>		
<a href="mailto:chomi@foster.com">chomi@foster.com</a>		

In addition, I caused the foregoing document to be served directly on defendant Epsilon Global Active Value Fund II, Ltd. ("Epsilon II") by mailing a copy of the document to Epsilon II's registered agent in the British Virgin Islands, using an express delivery service, at the following address:

Epsilon Global Active Value Fund II, Ltd.  
c/o HWR Services Limited  
Craigmuir Chambers  
PO Box 71  
Road Town, Tortola  
British Virgin Islands

**I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.**

DATED at Seattle, Washington, this 14th day of June, 2010.

  
Roxann P. Ditlevson

DECLARATION OF HARRY H. SCHNEIDER, JR. RE  
MOTION TO WITHDRAW (NO. 2:10-CV-555) – 4

73288-0001/LEGAL18518824.1

**Perkins Coie LLP**  
1201 Third Avenue, Suite 4800  
Seattle, WA 98101-3099  
Phone: 206.359.8000  
Fax: 206.359.9000

**EPSILON GLOBAL ACTIVE VALUE FUND II, LTD.  
(THE "COMPANY")**

**WRITTEN RESOLUTIONS OF MEMBERS  
adopted pursuant to Regulation 99 of the Memorandum and Articles of Association of the  
Company (the "Articles of Association")**

WHEREAS, it was noted that the undersigned Member, Seattle City Employees' Retirement System (the "SCERS"), has revoked the designation of Proxy and appointment of Attorney-in-Fact granted to the Company's administrator, Equinox Alternative Investment Services (Ireland) Limited ("Equinox"), so that it can vote its shares in the Company any way it chooses, including by voting its shares by written resolution pursuant to the provisions of Regulation 99 of the Articles of Association;

WHEREAS, the Members wish to remove the Company's current directors, Messrs. Steve G Stevanovich and Alberto Clodoaldo d' Abreu de Paulo (the "Current Directors") pursuant to Regulation 103 of the Articles of Association;

WHEREAS, immediately prior to the removal of the Company's two current directors, the Members wish to elect and appoint Pacot Limited and Gareth Thomas (both of whom have provided prior written consent to act) as replacement directors of the Company to serve until the earlier of their death, resignation or removal;

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WHEREAS, following the appointment of Pacot Limited and Gareth Thomas as directors of the Company, the Members also wish to instruct the directors to remove all of the current officers of the Company (if any) with immediate effect;

Accordingly, the undersigned, being the members of the Company, do hereby adopt the following written resolutions:

**RESOLVED**, that the Members hereby remove the Current Directors as directors of the Company, effective immediately, and the Current Directors shall immediately cease to have any authority over the affairs of the Company in any way as directors of the Company;

**RESOLVED**, that, having received written consent to act, Pacot Limited and Gareth Thomas are hereby appointed as directors of the Company, immediately prior to the removal of the Current Directors, so that immediately following the removal of the Current Directors, Pacot Limited and Gareth Thomas shall be the all of the directors of the Company;

**RESOLVED**, that, the Members hereby instruct the directors to remove all of the current officers of the Company (if any) with immediate effect;

**RESOLVED**, that the Company's administrator, Equinox, and the Company are hereby instructed and directed to deliver a copy of these resolutions to all the members of the Company not consenting to these resolutions, which shall include all members of the Company that have not executed a counterpart of these resolutions, so that the Company complies with Regulation 99 of its Articles of Association, requiring that when Members of the Company take action by written resolution, notice to the non-consenting Members be delivered to them (and the Members do not have and have not been provided copies of the names or contact information of the non-consenting Members);

RESOLVED, that the Members direct the Company's administrator, Equinox, to deliver copies of all books and records that Equinox has in its possession or control to any members of the Company that request such information in writing; and

RESOLVED, that the Company's newly-elected directors, Pacot Limited and Gareth Thomas, are hereby authorized and empowered to take all actions necessary to effectuate the foregoing resolutions, and are empowered to execute all such instruments, documents and certificates and to take such other actions as they may deem necessary or desirable to effect the intent and purposes of the foregoing resolutions.

RESOLVED, that HWR Services Limited, being the registered agent of the Company, be and is hereby authorised and instructed to update the Register of Directors of the Company accordingly;

RESOLVED, that Ogier be and they are hereby authorised and instructed to notify the Financial Services Commission ("FSC") of the aforementioned appointment;

RESOLVED, that if any of the above actions have taken place prior to execution of these resolutions, they be and hereby are, approved and ratified in all respects; and

RESOLVED, that these resolutions may be signed in counterpart, and if different counterparts shall bear different dates, then these resolutions shall take effect on the latest date on any such counterpart.

Date: June 2, 2010

**MEMBERS:**

Name of Member:  
Seattle City Employees' Retirement System

By: Cecelia M. Carter

Name: Cecelia M. Carter  
Its: Executive Director

Name of Member (Entities):  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Name of Member (Individuals):  
\_\_\_\_\_  
\_\_\_\_\_

*fax to: (353) 1-816-8722*

***Epsilon Global Active Value Fund II Ltd  
Craigmuir Chambers  
PO Box 71  
Road Town  
Tortola  
British Virgin Islands***

**By fax and email, with hard copy to follow**

Equinox Alternative Investment Services (Ireland) Limited  
Equinox House  
Attn: Mr. Chris Foy  
Marin Village  
Malahide  
County Dublin, Ireland  
*2nd June 2010*

**Request for Books and Records of Epsilon Global Active Value Fund II Ltd (the "Fund")  
by the directors of the Fund in accordance with Section 100(1) of the BVI Business  
Companies Act, 2004**

Dear Mr. Foy

In accordance with our statutory rights under Section 100(1) of the BVI Business Companies Act, 2004, we hereby request that you provide us with copies of all the documents and records in your possession or under your control that you hold on behalf of, or in relation to, the Fund.

We look forward to receiving these documents as soon as reasonably possible, and in any event, within forty-eight hours of the receipt of this request.

Yours sincerely

  
Gareth Thomas

  
For and on behalf of Pacot Limited

**Exhibit B**

THE HONORABLE RICHARD A. JONES

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

SEATTLE CITY EMPLOYEES'  
RETIREMENT SYSTEM, an agency of  
the City of Seattle,

Plaintiff,

v.

EPSILON GLOBAL ACTIVE VALUE  
FUND II, LTD., a British Virgin Islands  
corporation, EPSILON GLOBAL  
MASTER FUND II, L.P., a limited  
partnership formed under the laws of the  
Cayman Islands, EPSILON  
INVESTMENT MANAGEMENT, LLC, a  
Delaware limited liability company,  
EPSILON GLOBAL ASSET  
MANAGEMENT LTD., a corporation  
formed under the laws of the Cayman  
Islands, and STEVEN G.  
STEVANOVICH, a resident of Florida,

Defendants.

No. 2:10-cv-555 RAJ

**NOTICE OF INTENT OF PERKINS  
COIE LLP TO SEEK LEAVE TO  
WITHDRAW AS COUNSEL OF  
RECORD FOR DEFENDANT EPSILON  
GLOBAL ACTIVE VALUE FUND II,  
LTD.**

**TO:** The Clerk of the Court

**AND TO:** All Parties and Their Counsel of Record

PLEASE TAKE NOTICE that the law firm of Perkins Coie LLP intends to seek leave of  
Court to withdraw as counsel of record for defendant Epsilon Global Active Value Fund II, Ltd.  
("Epsilon II"), effective immediately upon the entry of an order to that effect by the Court.

Perkins Coie intends to continue to represent the other four defendants in this action, Epsilon

NOTICE OF INTENT TO SEEK LEAVE TO WITHDRAW  
(NO. 2:10-CV-555) – 1

**Perkins Coie LLP**  
1201 Third Avenue, Suite 4800  
Seattle, WA 98101-3099  
Phone: 206.359.8000  
Fax: 206.359.9000

**Exhibit C**



1 Global Master Fund II, LP, Epsilon Investment Management, LLC, Epsilon Global Asset  
2 Management, Ltd., and Steven G. Stevanovich (collectively, the "non-Epsilon II Defendants").  
3

4 Under the rules governing actions in the United States District Court for the Western  
5 District of Washington, a company such as Epsilon II is required to be represented by an attorney  
6 admitted to practice before that Court, and failure to obtain substitute counsel by the date the  
7 withdrawal of Perkins Coie becomes effective may result in entry of default against Epsilon II as  
8 to any and all claims of the other parties. Accordingly, Epsilon II must act promptly to secure  
9 substitute counsel to represent it in this action. As of the date of service of this Notice, no trial  
10 date has been set in this action, nor has a discovery deadline been established by the Court.  
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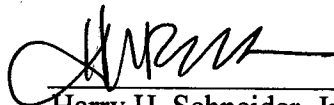
12 A copy of this Notice of Intent to Withdraw shall be / was served on defendant Epsilon II  
13 prior to the filing of this Notice and service of it on the other parties to this action, as reflected in  
14 the Certificate of Service attached hereto.  
15

16 After the date on which this withdrawal of counsel becomes effective by order of the  
17 Court, all pleadings and notices in this matter are to be served upon Epsilon II directly, until such  
18 time as substitute counsel appears. The last known address for Epsilon II is:  
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20 Epsilon Global Active Value Fund II, Ltd.  
21 c/o HWR Services Limited  
22 Craignuir Chambers  
23 PO Box 71  
24 Road Town, Tortola  
25 British Virgin Islands  
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DATED this 11th day of June, 2010.

**PERKINS COIE LLP**



Harry H. Schneider, Jr., WSBA No. 09404  
Joseph M. McMillan, WSBA No. 26527  
Jeffrey M. Hanson, WSBA No. 34871

**Perkins Coie LLP**

1201 Third Avenue, Suite 4800  
Seattle, WA 98101-3099  
Telephone: 206.359.8000  
Facsimile: 206.359.9000  
hschneider@perkinsoie.com  
jmcmillan@perkinsoie.com  
jhanson@perkinsoie.com

Attorneys for Defendants

NOTICE OF INTENT TO SEEK LEAVE TO WITHDRAW  
(NO. 2:10-CV-555) – 3

73288-0001/LEGAL18468109.1

**Perkins Coie LLP**  
1201 Third Avenue, Suite 4800  
Seattle, WA 98101-3099  
Phone: 206.359.8000  
Fax: 206.359.9000


**CERTIFICATE OF SERVICE**

On June 11, 2010, I caused a true and correct copy of the foregoing document to be served directly on defendant Epsilon Global Active Value Fund II, Ltd. ("Epsilon II") by mailing a copy of the foregoing document to Epsilon II's registered agent in the British Virgin Islands, using an express delivery service, at the following address:

Epsilon Global Active Value Fund II, Ltd.  
c/o HWR Services Limited  
Craigmuir Chambers  
PO Box 71  
Road Town, Tortola  
British Virgin Islands  
Telephone: + (284) 494-2233  
Facsimile: +1 (284) 494-4885

**I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.**

DATED at Seattle, Washington, this 11th day of June, 2010.

  
Roxann P. Ditlevson